

FIGURES | MILWAUKEE INDUSTRIAL | Q3 2026

Sustained Rent Growth and Growing Pipeline Against Softer Fundamentals in Q3

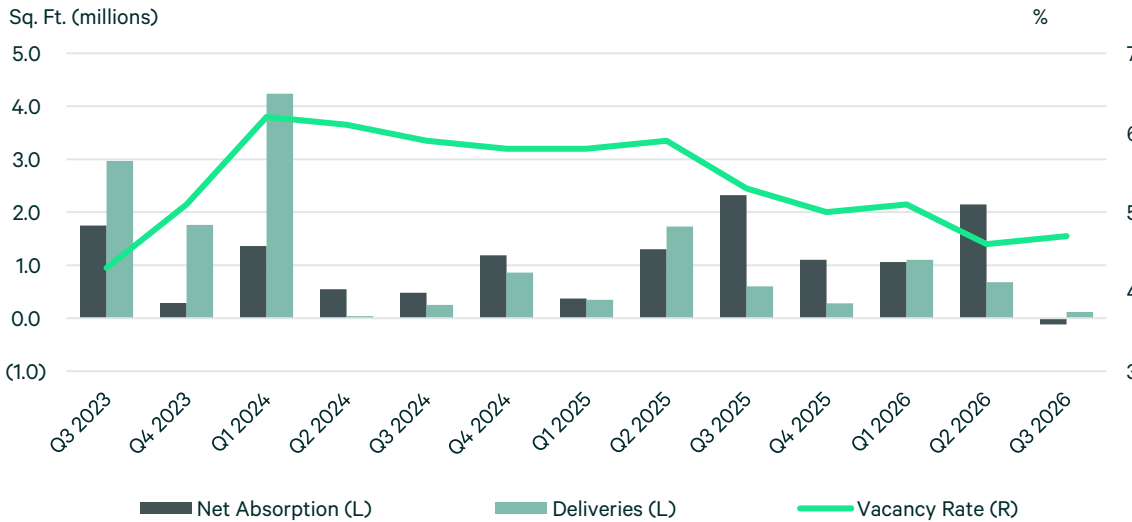


Note: Arrows indicate change from previous quarter.

Market Overview

- Milwaukee industrial conditions softened in Q3 2026 after a strong first half. Net absorption totaled negative 124,000 sq. ft., concentrated predominately in Waukesha Northeast and Milwaukee North Central. Year to date, the market has absorbed positive 3.1 million sq. ft.
- Supply is rebuilding. Space under construction doubled quarter-over-quarter to 2.1 million sq. ft. on seven new starts. Year to date, the market has seen 1.5 million sq. ft. of new deliveries with an additional 733,000 sq. ft. anticipated by year-end.
- Vacancy rose 10 bps quarter-over-quarter to 4.7% but remains 60 bps below last year. Average asking rent reached \$6.18 per sq. ft., up 7.3% year-over-year.
- Leasing slowed to 1.3 million sq. ft., down 59.1% quarter-over-quarter, though year-to-date volume of 6.6 million sq. ft. remains healthy. Q3 demand was largely driven in the Milwaukee South and Waukesha Northwest submarkets, with New Leases accounting for 86% of the large deals (over 100,000 sq. ft.).
- Industrial sales volume totaled \$187.7 million transacted in Q3 2026, a 49% decline quarter-over-quarter. Year-to-date 2026 investment sales volume was \$744.1 million.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research

Net Absorption

Net absorption in Q3 2026 totaled negative 124,000 sq. ft. in the quarter, dipping negative for the first time since Q1 2023. This pullback followed strong occupancy growth earlier in 2026, when net absorption had accelerated from 1.06 million sq. ft. in Q1 2026 to 2.15 million sq. ft. in Q2 2026. Year to date in 2026, the market has absorbed 3.1 million sq. ft.

Among submarkets, Kenosha and Ozaukee posted the strongest positive net absorption in Q3 2026. Kenosha recorded 273,000 sq. ft. of net absorption, while Ozaukee added 156,000 sq. ft., together accounting for the bulk of the market’s occupancy gains. At the other end of the spectrum, Waukesha Northeast registered net absorption of negative 300,000 sq. ft. and Milwaukee North Central recorded negative 182,000 sq. ft., representing the weakest submarket occupancy performance in the quarter.

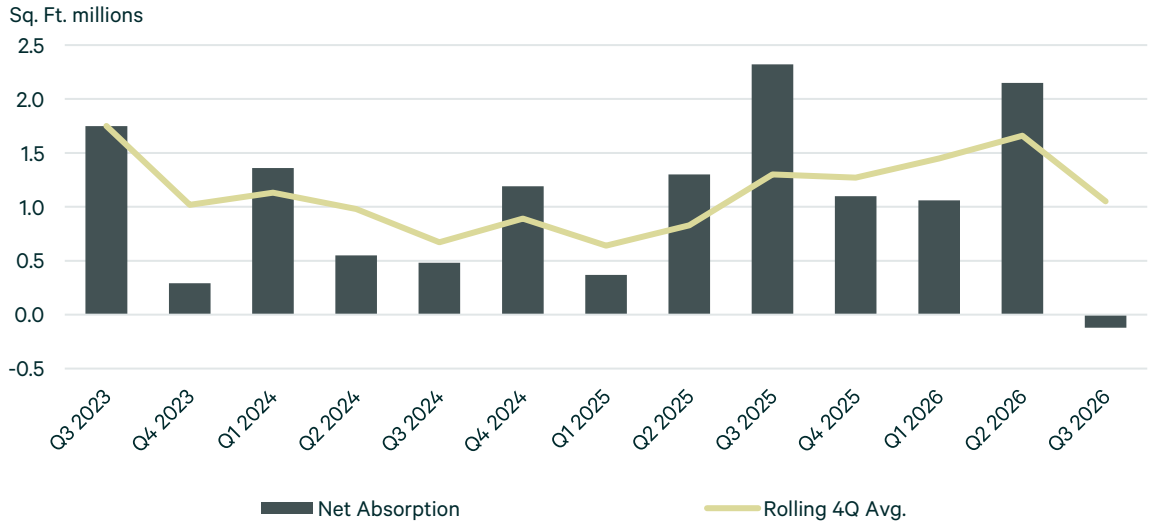
Construction Activity

Construction activity in Q3 2026 reflected a moderate pipeline with limited deliveries. Under construction space totaled 2.1 million sq. ft. in Q3 2026, down 18.4% year-over-year, while deliveries measured 118,000 sq. ft., down 80.2% year-over-year. Compared with Q2 2026, under construction volume rose 100.1% quarter-over-quarter, whereas delivered construction fell 82.6% quarter-over-quarter, highlighting a swing in the construction pipeline.

There was an uptick in starts this quarter, with seven new projects breaking ground for an additional 1.2 million sq. ft. underway. The largest new projects this quarter included a new 300,000 sq. ft. HQ for Derse in Oak Creek, Zilber Industrial 7, a 253,000 sq. ft. speculative project in Richfield, and a 216,000 sq. ft. Build to Suit project at Southpointe Enterprise Center in Sheboygan.

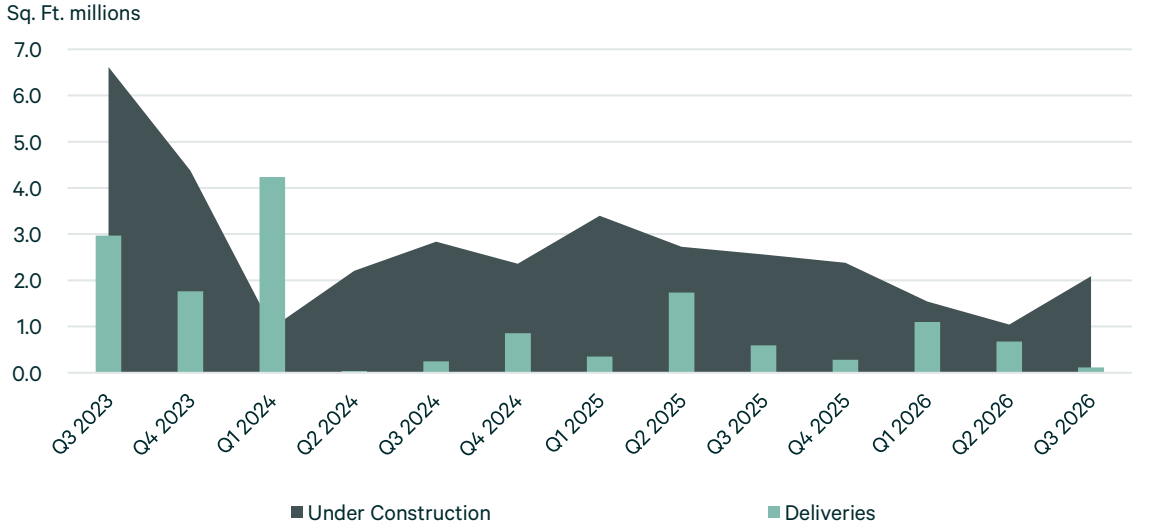
Deliveries in Q3 were limited to the Sussex Class A Industrial project, a 118,000 sq. ft. speculative development that delivered 54% preleased. By year end 2026, an additional 733,000 sq. ft. is anticipated to deliver.

Figure 2: Net Absorption Trend



CBRE Research

Figure 3: Construction Activity



CBRE Research

Vacancy Rate

The Milwaukee industrial market vacancy rate slightly softened in Q3 2026 reaching 4.7%, a 10 bp increase quarter-over-quarter while remaining 60 bps below the Q3 2025 vacancy rate of 5.3%. Over the previous three-years, vacancy peaked in the market at a rate of 6.2% in Q1 2024. Since reaching its peak, the market's lowest vacancy rate was 4.6% in Q2 2026.

By submarket, Sheboygan recorded the lowest vacancy rate in Q3 2026 at 0.1%. Followed by Walworth and Waukesha Southeast which both recorded vacancy rates under 1% at 0.8%, and 0.9%, effectively proving extremely tight conditions in select submarkets. The Milwaukee West submarket recorded the highest overall vacancy at 14.2%, up 20 bps from the previous quarter. Elevated vacancy was also observed in Kenosha and Milwaukee North Shore, where rates reached 9.3% and 7.4%, respectively.

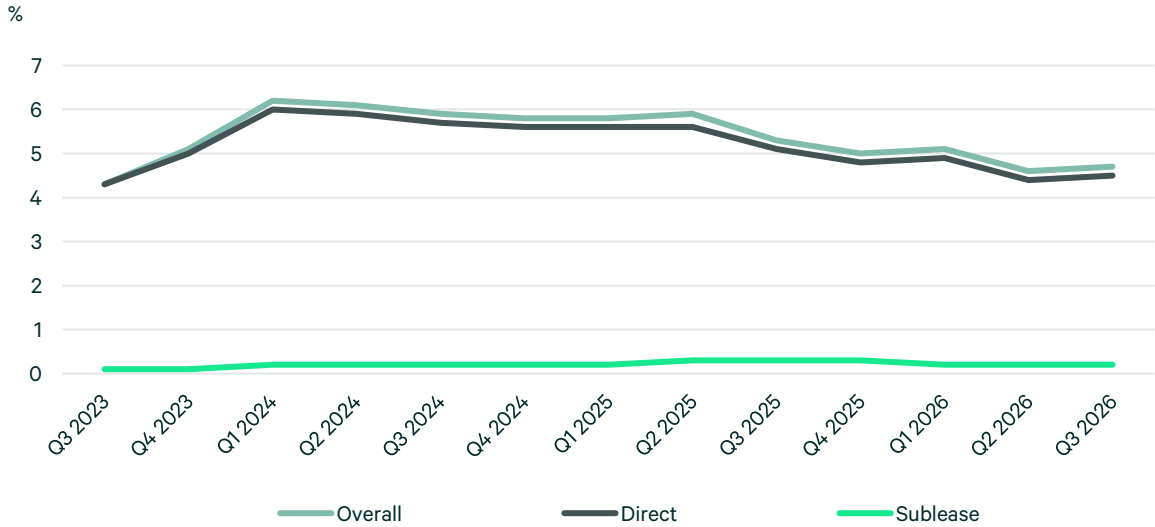
The full market availability rose in Q3 reaching 5.3%, an increase of 30 bps from the previous quarter and down 120 bps year-over-year. The volume of available sublease space in the market has remained stagnant at a 0.3% overall rate, unchanged from the previous quarter.

Asking Rent

Average asking rent in Q3 2026 was \$5.99 per sq. ft., continuing the upward trend seen over the past three years. The market rate increased from \$5.90 per sq. ft. in Q2 2026, a 1.5% gain quarter-over-quarter, and stood 5.1% higher year-over-year compared with Q3 2025. From Q3 2023 to Q3 2026, the average asking rent increased from \$4.89 per sq. ft., a 22.5% rise over the last three years.

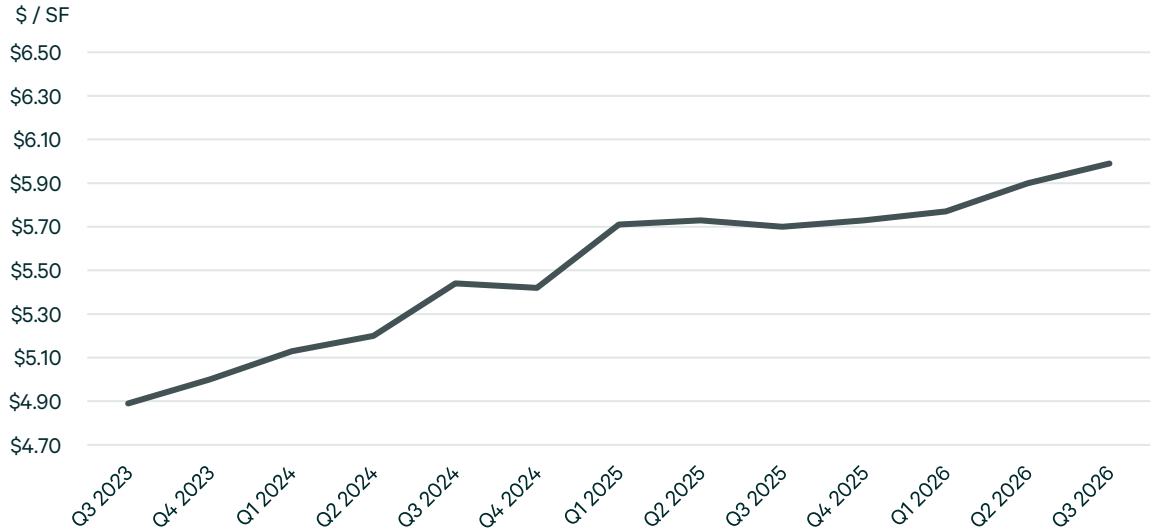
Average asking rents across Milwaukee-area submarkets in Q3 2026 ranged from \$3.74 to \$9.39 per sq. ft. Milwaukee West (\$9.39) and Sheboygan (\$7.95) led the region, followed by a group of submarkets in the \$7 range, including Milwaukee South Central and Waukesha Southeast. Most other submarkets, such as Washington, Ozaukee, and Milwaukee South, fell between roughly \$6.30 and \$6.95. Rents were lowest in Milwaukee North Central (\$3.74), Walworth (\$4.11), and Kenosha (\$5.35).

Figure 4: Vacancy Rate



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Figure 5: Average Direct Asking Rate



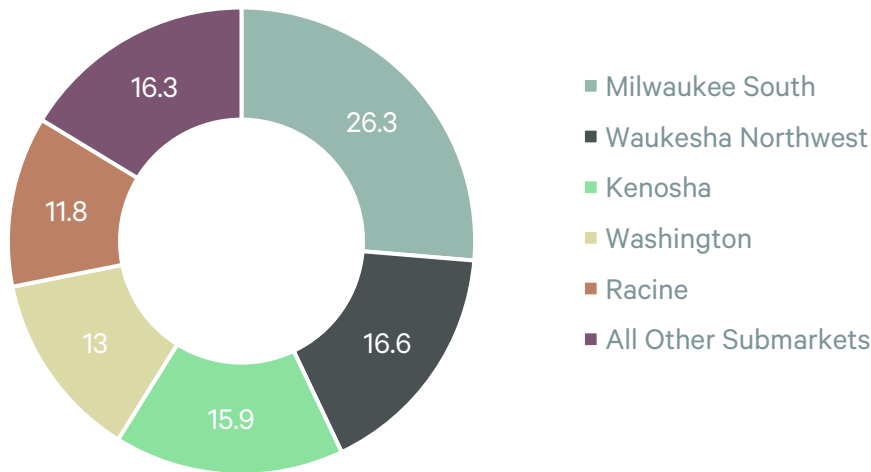
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Leasing Activity

Leasing activity in Q3 2026 totaled 1.3 million sq. ft., bringing year-to-date 2026 volume to 6.6 million sq. ft. Activity declined 59.1% quarter-over-quarter and 4.7% year-over-year, representing a modest slow down from the stronger pace seen in Q1 2026 through Q2 2026. New leases dominated the activity in Q3, representing 86% of the large transactions >100,000 sq. ft. this quarter.

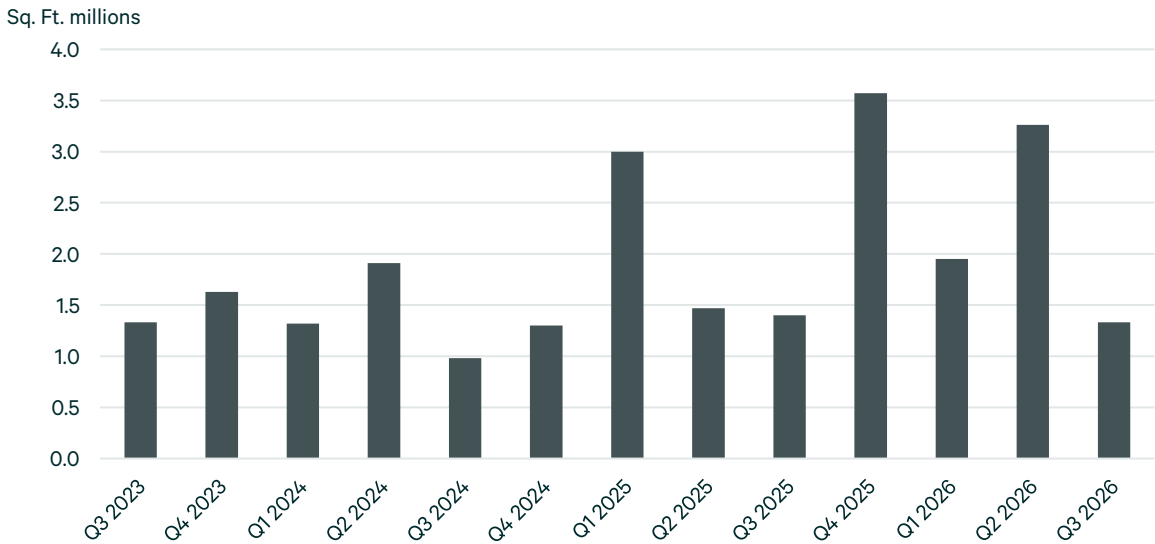
Milwaukee South and Waukesha Northwest recorded the strongest positive leasing activity, with tenants signing 351,000 sq. ft. and 221,000 sq. ft., respectively. Positive leasing activity also occurred in Kenosha with 212,000 sq. ft., Washington with 174,000 sq. ft., Racine with 157,000 sq. ft., Milwaukee Northwest with 99,000 sq. ft., Waukesha Northeast with 68,000 sq. ft., and Ozaukee with 50,000 sq. ft., indicating active though more moderate deal flow across these submarkets.

Figure 7: Leasing Activity by Submarket (% of Total Activity)



CBRE Research

Figure 6: Leasing Activity Trend (Inclusive of leases >50,000 sq. ft.)



CBRE Research

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Niagara Bottling	212,000	Renewal	8801 88th Ave	Kenosha
APL Logistics	200,000	New Lease	10000 S Ridgeview Dr	Milwaukee South
Real Flame	157,000	New Lease	10277 Venice Ave	Racine
Steele Solutions	151,000	New Lease	5150 S International Dr	Milwaukee South
CenterPointe Marine	121,000	New Lease	520 W 2nd St	Waukesha Northwest
Confidential Tenant	112,000	New Lease	11381 N McCormick Dr	Washington
Confidential Tenant	100,000	New Lease	5701 N Frontier Rd	Waukesha Northwest
Continental Superior Tri City	99,000	New Lease	12100 W Brown Deer Rd	Milwaukee Northwest

Source: CBRE Research, Q3 2026

Sale Activity

Industrial sale volume in the Milwaukee market totaled \$187.7 million in Q3 2026. This represented a 49% decline quarter-over-quarter from \$368.9 million in Q2 2026 and a 38% decline year-over-year from \$304.7 million in Q3 2025. Year-to-date 2026 total sales volume through Q3 2026 was \$744.1 million transacted.

Private buyers were the largest buyer group in Q3 2026, and multiple single-asset trades closed during the quarter. Private buyers accounted for 70.3% of investment volume, followed by institutional buyers at 23.6% and user/other buyers at 6.1%.

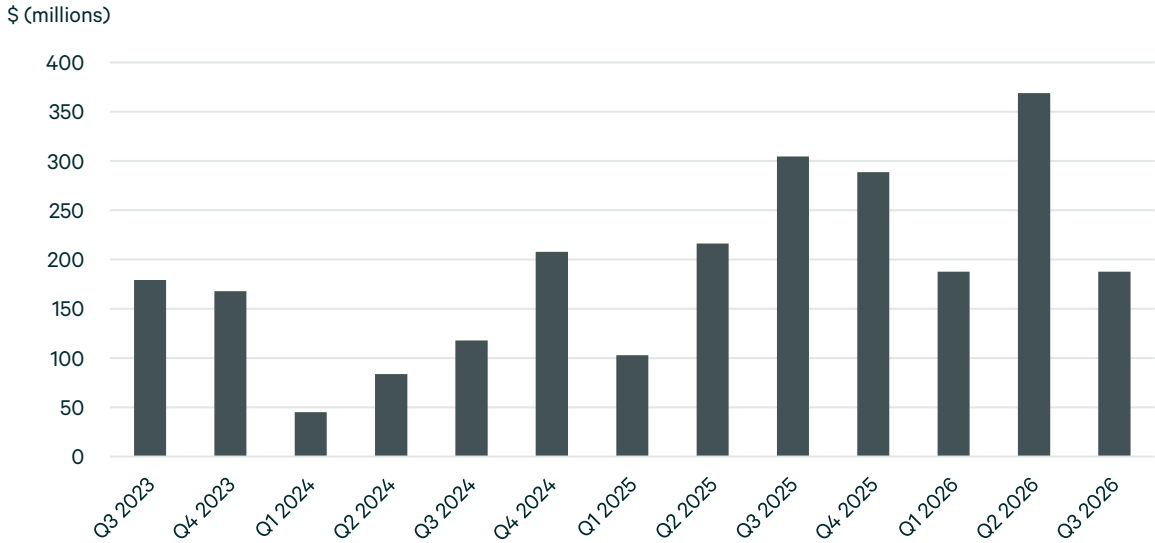
The largest transaction was the sale of 8500 109th St in Pleasant Prairie between EQT Real Estate to Ta Chen International, Inc for \$87 million, or approximately \$118.17 per square foot.

Figure 10: Key Sales

Property	City	Buyer	Sales Price	Size (SF)	Price Per SF
8500 109 th St	Pleasant Prairie	Ta Chen International, Inc.	\$87M	736,205	\$118.17
13300 Carol Court	Caledonia	STAG Industrial	\$44.4M	442,987	\$100.23
10490 88 th Ave	Pleasant Prairie	Royal Oak Realty Trust	\$24.5M	200,696	\$122.08
7320 S 6th Street	Oak Creek	Agnl Engrave WI LLC	\$13.1M	126,236	\$104.03
2650 S Chase Ave	Milwaukee	General Capital Group	\$13M	55,000	\$236.36

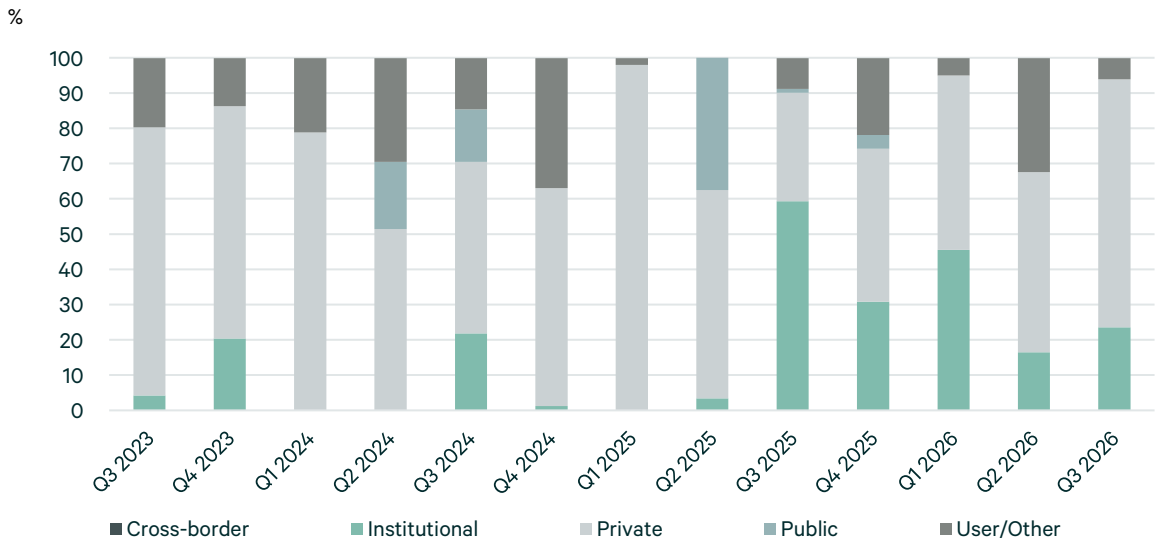
MSCI Real Capital Analytics, CBRE Research

Figure 9: Quarterly Sales Volume



MSCI Real Capital Analytics

Figure 11: Buyer Composition



MSCI Real Capital Analytics

Market Statistics by Product Type

Figure 12

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	120.81M	6.8	7.5	7.0	0.5	5.89	468,000	2.88M	118,000	1.13M
Manufacturing - General	145.23M	3.0	3.5	3.4	0.2	6.12	(155,000)	481,000	-	577,000
R&D/Flex	32.55M	1.8	1.9	1.9	-	6.76	(318,000)	(250,000)	-	300,000
Other Industrial	13.55M	11.4	12.2	12.2	-	5.99	(119,000)	(28,000)	-	85,000
Total	312.14M	4.7	5.3	5.0	0.3	5.99	(124,000)	3.08M	118,000	2.09M

Source: CBRE Research, Q3 2026

Market Statistics by Size

Figure 13

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	37.02M	1.7	2.0	1.8	0.2	6.26	(54,000)	(162,000)	-	45,000
50K-99,999 SF	59.01M	1.7	2.1	2.0	0.1	5.68	(176,000)	341,000	-	598,000
100K-249,999 SF	87.69M	4.6	5.3	5.0	0.3	6.40	(235,000)	(56,000)	118,000	558,000
250K-499,999 SF	58.95M	4.6	5.0	4.2	0.8	6.00	355,000	2.15M	-	890,000
500K-749,999 SF	28.48M	6.5	9.1	8.8	0.4	5.23	-	825,000	-	-
750,000 SF +	41.00M	10.7	10.7	10.7	-	6.19	(14,000)	(14,000)	-	-
Total	312.14M	4.7	5.3	5.0	0.3	5.99	(124,000)	3.08M	118,000	2.09M

Source: CBRE Research, Q3 2026

Market Statistics by Submarket

Figure 15

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Kenosha	52.11M	9.3	10.6	10.3	0.4	5.35	273,000	1.64M	-	-
Milwaukee Downtown	9.84M	5.5	5.5	4.5	1.0	7.13	61,000	38,000	-	-
Milwaukee North Central	10.38M	4.7	6.0	6.0	-	3.74	(182,000)	(119,000)	-	-
Milwaukee North Shore	5.49M	7.4	8.5	8.5	-	6.57	8,000	(111,000)	-	-
Milwaukee Northwest	21.19M	4.1	4.7	4.5	0.2	5.27	(173,000)	(120,000)	-	-
Milwaukee South	32.83M	2.8	2.4	2.1	0.3	6.30	(51,000)	391,000	-	637,000
Milwaukee South Central	11.91M	7.0	8.3	6.4	1.9	7.69	(14,000)	167,000	-	-
Milwaukee West	12.16M	14.2	14.2	13.9	0.3	9.39	(22,000)	90,000	-	-
Ozaukee	10.80M	1.6	1.9	1.9	-	6.56	156,000	300,000	-	158,000
Racine	30.95M	6.2	8.1	7.6	0.5	5.86	118,000	382,000	-	-
Sheboygan	17.57M	0.1	0.1	0.1	-	7.95	(21,000)	130,000	-	216,000
Walworth	10.14M	0.8	2.4	2.4	-	4.11	-	(83,000)	-	-
Washington	22.31M	3.0	2.5	2.5	-	6.93	32,000	286,000	-	819,000
Waukesha Northeast	17.59M	2.0	2.3	2.3	-	6.82	(300,000)	(245,000)	-	94,000
Waukesha Northwest	18.89M	1.7	1.7	1.7	-	7.20	60,000	152,000	118,000	83,000
Waukesha Southeast	14.23M	0.9	1.5	1.2	0.2	7.54	(40,000)	51,000	-	85,000
Waukesha Southwest	13.76M	2.3	2.7	2.7	-	6.54	(30,000)	136,000	-	-
Total	312.14M	4.7	5.3	5.0	0.3	5.99	(124,000)	3.08M	118,000	2.09M

Source: CBRE Research, Q3 2026

National Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

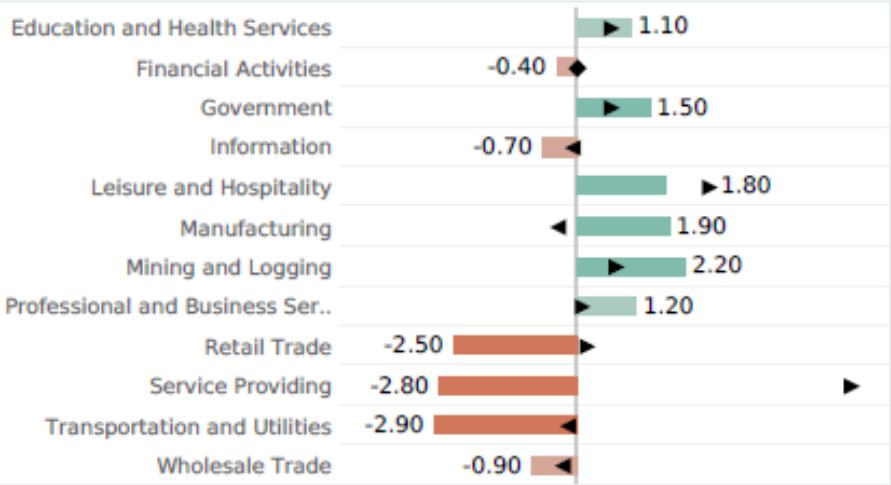
The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.



Milwaukee Employment Update

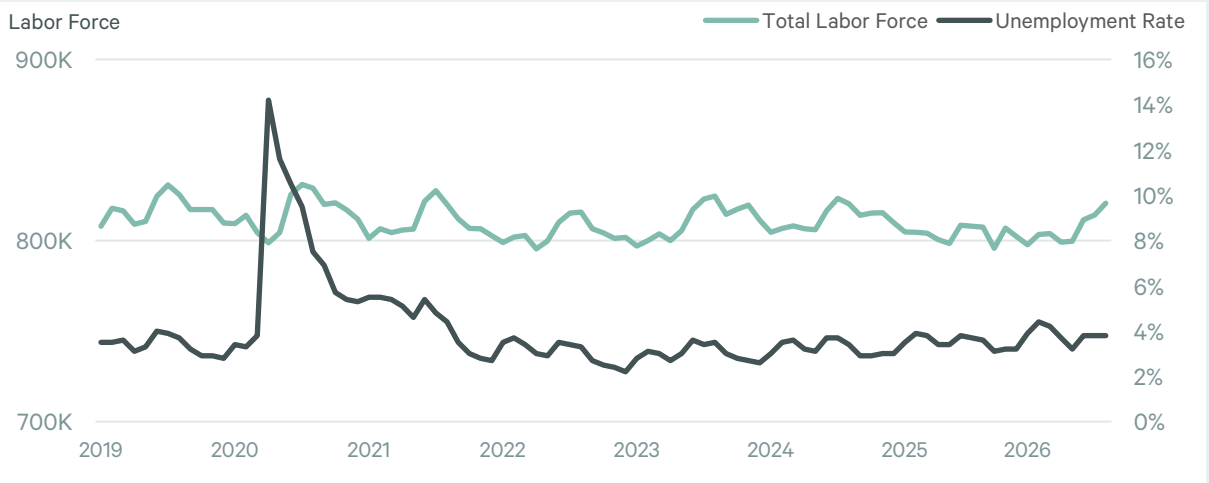
- 3.8% Unemployment Rate
- 0.8M Labor Force
- 180.6k Office Using Jobs
- 556.7k Industrial Using Jobs
- 109.6k Retail Using Jobs

Employment Change by Sector – Yearly + Monthly
Bars indicate yearly trend, arrows indicate monthly trend



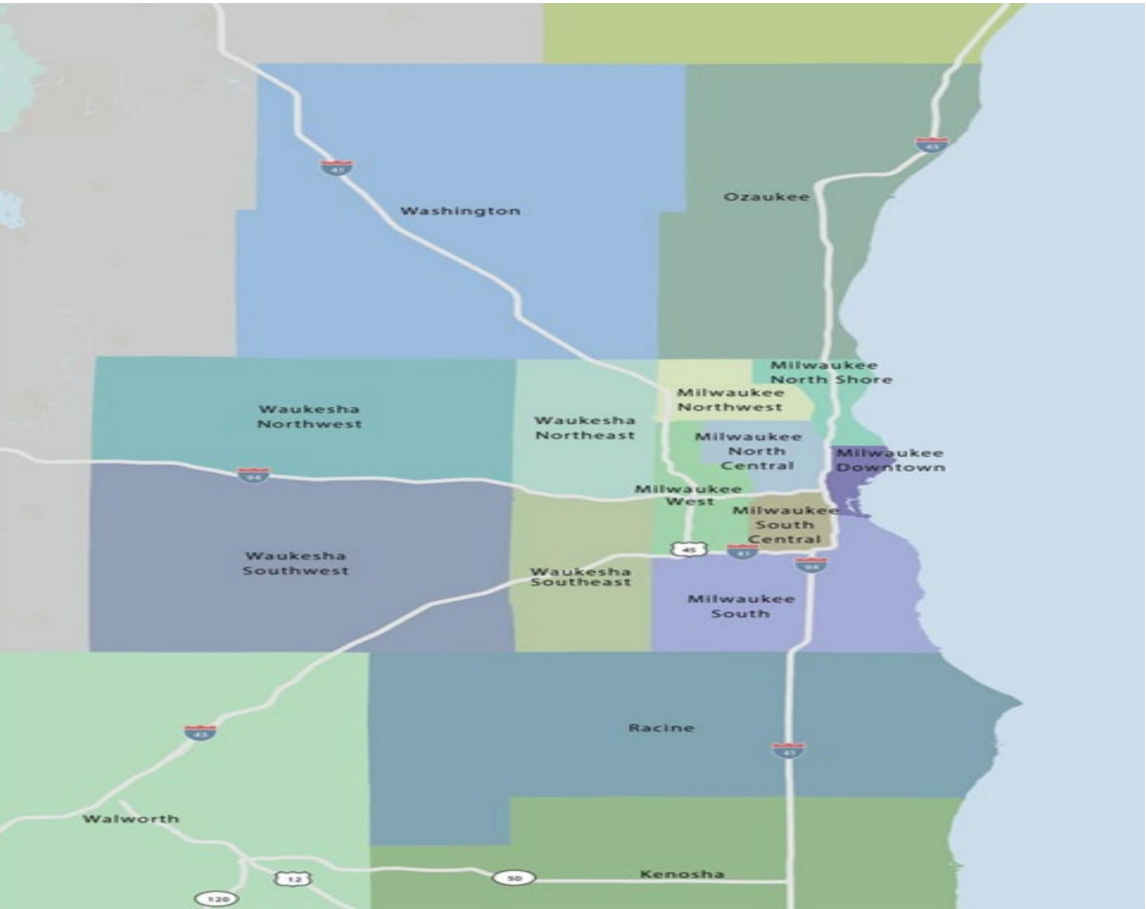
Source: US BLS, September 2026

Milwaukee Unemployment Rate and Labor Force Trends



Source: US BLS, September 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

CBRE has updated the criteria for industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 30,000 square feet or higher. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market. Buildings which have begun construction as evidenced by site excavation or foundation work.

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